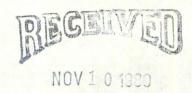
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November 5, 1980

DIVISION OF OIL, GAS & MINING

Messrs. Stan Caldwell and Steve Young South Hecla Development Corporation South Hecla Mining and Drilling Corp. 3539 South Main Street Salt Lake City, Utah 84107

Gentlemen:

It has been brought to my attention that water is being and has been taken from a mine tunnel (South Hecla Mining Company) without permission or authorization. This water is contributing to the flow of Little Cottonwood Creek either directly (surface flow) or indirectly (through springs, seeps and other lower mine tunnels).

ALL of the waters within the Little Cottonwood Creek drainage basin have been decreed to the Little Cottonwood Creek ditch companies by the THIRD JUDICIAL DISTRICT COURT OF UTAH in Salt Lake County, Court Case #4802, Union and East Jordan Irrigation Co. (Plaintiffs) vs. Richards Irrigation Co., et al (defendants), June 16, 1910, by Judge C. W. Morse.

Paragraph 35 of the above mentioned decree states, "No defaults have been entered because it is so difficult to say that any one person is not entitled to any water, but no one is entitled to any of the water of Little Cottonwood except as he may be an owner in some of the ditches to which water is distributed, and then only as such ditch is entitled to water as herein found."

Paragraph 42 of the decree states, "All persons who have any interest in the water of Little Cottonwood have been duly served and have either pleaded herein or the time to plead has elapsed; and no one has any right to such water except as specified in this decree."

Paragraph 43 of the decree states, "All known and unknown parties hereto, together with their agents and employees, are hereby enjoined from in any way interfering with the waters of Little Cottonwood except as specified in this decree."

The decree specifically forbids anyone who does not have a water right as named within the decree from taking any water or interfering with the waters of Little Cottonwood Creek in any way.

It is hereby ordered that the unauthorized use of waters from the South Hecla Mine tunnel be immediately discontinued.

Very truly yours,

Edward M. Higbee

Court Appointed Commissioner for

Little Cottonwood Creek

Appointed 26 June 1979 by Presiding Judge of the Third District Court

Copies to:

8.MH.

Dean E. Conder, Third District Court Presiding Judge Pete Ennenga and George Alexander, attorneys for South Hecla Mining and Drilling Corp. Jerry Kinghorn, County Water Quality and Polution

Jerry Kinghorn, County Water Quality and Polution Control

Kent Miner, City and County Board of Health
LeRoy W. Hooton, Jr., Salt Lake City Public Utilities
Wendell Evensen, Salt Lake City Public Utilities
Ray Montgomery, Salt Lake City Assistant Attorney
Charles W. Wilson, Little Cottonwood Water Users
Phil Glass, Salt Lake Ranger District, Forest Service
Dee C. Hansen, State Engineer

James W. Smith, Utah State Division of Oil, Gas and Mining